

# Recent Policy Reforms in SOE Governance

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# Challenges in CG for SOE

- Significant improvements desired in CG practices of even the incorporated SOEs (subject to the Companies law)
  - autonomy of management and BoD
  - appointment of nominee directors
  - applicability of government procedures across the board (e.g. procurement policies, hiring, appointment of consultants)
- Fragmented ownership of SOEs across the ministries and federal/provincial governments
- Directions to CEO/nominee directors VS acting through the shareholders' meetings or Board meetings

# What is happening?

- Privatization
- Deregulation of (almost) all sectors
- Increasing recognition of the need for good CG at all levels of corporate sector
  - Code of Corporate Governance (applicable to listed SOEs)
  - Pakistan Institute of Corporate Governance (capacity building of directors)
  - ROSC on CG points out the need to carry out a diagnostic of governance in the state owned enterprise sector

# Draft Public Sector Companies (Corporate Governance) Rules

- Composition of the BoD
- Nomination Committee
- Formation of the Business Executive Service Groups
- Separation of Chairman and CEO
- Responsibilities, Powers and Functions of BoD
- Board Committees – Audit Committee, Remuneration Committee, Procurement Committee
- Streamlined financial reporting